

the purpose of soliciting contributions to extinguish the campaign debt.

(c) *Elective public office.* An “elective public office” is any governmental position for which one must be directly chosen by the casting of votes by the general public or the Electoral College. It does not, however, include any office or position in any national, state, or local political party or similar organization, or membership in the Electoral College.

(d) *Furthering a candidacy.* Expenditures further a candidacy within the meaning of section 41(c)(1) (A) and (B) if they are directly related to, and are intended to support, a candidate’s campaign for elective public office. Examples include payments for—

- (1) Researching and polling campaign issues;
- (2) Trips in connection with campaigning by the candidate or persons acting on his or her behalf;
- (3) Raising funds; and
- (4) Campaign-related debts left over from a previous political campaign.

(e) *Meets the qualifications.* An individual “meets the qualifications prescribed by law” to hold an elective public office if the individual can be reasonably expected to meet those qualifications on or before the date the office is to be filled.

(f) *Newsletter fund contribution.* The term “newsletter fund contribution” means a contribution of money or gift of money directly to a fund described in section 527(g) (relating to the treatment of newsletter funds as political organizations).

(g) *Political contribution.* A “political contribution” is a contribution of money or gift of money directly to a person described in section 41(c)(1). A political contribution is not limited to that portion of the contribution or gift that is eligible as a credit under section 41(b) or deduction under section 218(b).

(h) *Publicly announces.* An individual “publicly announces” that he or she is a candidate by making a positive statement available for media distribution that he or she is seeking nomination or election to a specific elective public office. An example is a news release or other statement by an individual intended for distribution via television,

radio, newspapers, or magazines within the geographic area associated with the elective public office being sought which states that he or she seeks nomination or election to the office. Incumbency in an office does not constitute a public announcement that one is seeking reelection to that office. Furthermore, if because of death or any other reason an individual does not make a public announcement, the individual is not a candidate even though the individual was about to make a public announcement.

[T.D. 7603, 44 FR 18222, Mar. 27, 1979. Redesignated and amended by T.D. 8251, 54 FR 21204, May 17, 1989]

§ 1.41-2A Same—limitations and special rules.

(a) *When payment must be made.* A taxpayer may elect the credit under section 41 or the deduction under section 218 only if a political or newsletter fund contribution is actually paid within the taxable year for which the taxpayer claims the credit or deduction. The method of accounting the taxpayer uses and the date the contribution is pledged are irrelevant. Where a partnership makes a political or newsletter fund contribution, each partner is considered as having paid his or her distributive share of the political or newsletter fund contribution.

(b) *Campaign committee supporting more than one individual.* A section 41 credit or section 218 deduction may be available for a contribution of money to a campaign committee that supports, or intends to support, more than one candidate if at least one individual it supports is a candidate for the calendar year in which the contribution is made. However, if a taxpayer indicates at the time the contribution is made that it is for a specific individual, and that individual is not a candidate for the calendar year in which the contribution is made, no credit or deduction is available.

(c) *Examples.* The provisions of this section are illustrated by the following examples:

Example 1. B, an individual, makes a contribution of money in 1977 to the Good Government Committee, which is a campaign committee. The Good Government Committee supports C and D in 1977. C is a candidate

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for 1977. D is not a candidate for 1977. B may elect the credit under section 41 or deduction under section 218 for the contribution in 1977.

Example 2. Assume the same facts as in example (1), except that B earmarks the contribution solely to further the candidacy of D. B may not elect the credit under section 41 or deduction under section 218 for the 1977 contribution.

[T.D. 7603, 44 FR 18223, Mar. 27, 1979. Redesignated by T.D. 8251, 54 FR 21204, May 17, 1989]

§ 1.41-3A Same—unspent contributions.

(a) *General rule.* Except as provided in paragraph (b) of this section, all unspent political contributions must be used within a reasonable period of time to make a deposit or contribution described in section 527 (d).

(b) *Special rules—(1) Candidates.* An individual who was a candidate may retain unspent political contributions in reasonable anticipation of using them solely to support his or her future candidacy for any Federal, State, or local elective public office.

(2) *Campaign committee.* A campaign committee may retain unspent political contributions in reasonable anticipation of using them to support the future candidacy of any individual for any Federal, State, or local elective public office.

[T.D. 7603, 44 FR 18223, Mar. 27, 1979. Redesignated by T.D. 8251, 54 FR 21204, May 17, 1989]

§ 1.41-4A Same—procedure for electing a credit or deduction.

(a) *Scope note.* This section prescribes procedures for making the election under sections 41 and 218 to take either a credit or deduction for political and newsletter contributions.

(b) *How to elect.* A taxpayer elects the credit or deduction by making the appropriate entries on his or her income tax return for the taxable year in which the contribution is made.

(c) *Changing or revoking one's election.* The election may be changed or revoked. Thus, a taxpayer may change an election from credit to deduction or vice versa. In addition, if a taxpayer elects a credit or deduction for a particular taxable year to which, it later turns out, he or she is not entitled, the taxpayer must pay any additional tax that is due as a result. A taxpayer may

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change or revoke the election by use of an amended return.

[T.D. 7603, 44 FR 18223, Mar. 27, 1979. Redesignated by T.D. 8251, 54 FR 21204, May 17, 1989]

§ 1.41-5A Same—verifications.

This section prescribes rules under sections 41(b)(3) and 218(b)(2) to tell a taxpayer how to verify political and newsletter fund contributions for which a credit or deduction is claimed. A taxpayer must have a written receipt to substantiate any claim that a contribution was made. A cancelled check, the payee of which is a person or fund described in section 41(c) (1) or (5), ordinarily meets this requirement. However, in appropriate cases, the Internal Revenue Service may require a taxpayer to furnish additional proof that the payee was a person or fund described in section 41(c) (1) or (5), or that the purpose of the payment was to make a political or newsletter fund contribution.

[T.D. 7603, 44 FR 18223, Mar. 27, 1979. Redesignated by T.D. 8251, 54 FR 21204, May 17, 1989]

§ 1.41-6A Same—taxation of certain organizations.

See section 527 and the regulations thereunder for the tax treatment of a person or fund described in section 41(c) (1) or (5) that is treated as a section 527(e)(1) political organization.

[T.D. 7603, 44 FR 18223, Mar. 27, 1979. Redesignated by T.D. 8251, 54 FR 21204, May 17, 1989]

§ 1.41-7A Same—transitional rule for past contributions.

A credit or deduction for a political contribution the payment of which was made before January 1, 1980 will be allowed if it meets the requirements for a credit or deduction under the notice of proposed rulemaking published on September 19, 1972 (37 FR 19140).

[T.D. 7603, 44 FR 18223, Mar. 27, 1979. Redesignated by T.D. 8251, 54 FR 21204, May 17, 1989]

§ 1.41-8A Same—effective dates.

(a) *Political contributions.* Except as otherwise provided, these regulations apply to political contributions made in taxable years of the contributor beginning after December 31, 1971.

(b) *Newsletter fund contributions.* These regulations apply to newsletter